

CHARITABLE LEAD TRUSTS

GIVING BACK TO THE PEOPLE YOU CARE MOST ABOUT AND TO YOUR COMMUNITY

What is a Charitable Lead Trust?

This allows donors to provide income to their fund at the Foundation for a specified number of years. The remainder is then returned to the donor or his or her named beneficiary. Benefits may include the transfer of assets to others free of estate, gift and income taxes.

Lead Trusts

- ◆ You can support area nonprofits now and your family later with a charitable lead trust. Your trust pays income to your fund at the Foundation for a period of years and then passes the assets, often appreciated, to your children or grandchildren with minimum or no gift or estate taxes. Lead trusts function best with contributions of \$1,000,000 or more.

Tax Consequences

The donor receives a current income, gift, or estate tax deduction for the present value of the charitable remainder interest. Gifts of cash are deductible up to 50% of the donor's adjusted gross income with a five year carryover. Gifts of appreciated property can be deducted up to 30% of the donor's adjusted gross income with a five year carryover. The donor minimizes capital gains tax if the gift is made with appreciated property.

Charitable Lead Trusts

- ◆ A donor transfers cash or equities irrevocably to a trust.
- ◆ The trust is invested and managed by the Community Foundation.
- ◆ The donor receives either fixed or fluctuating income payments for life.
- ◆ When no longer needed by the donor, the remainder goes to a Fund at the Community Foundation, as designated by the donor.
- ◆ This is a good opportunity for a donor to make a gift of assets that have increased in value learn little income. By funding the trust with these assets, the donor can receive an income without paying capital gains tax. Cash may also be used to fund the trust.

About us:

Since 1994, the Chester County Community Foundation has actively partnered with donors who believe that positive change occurs through effective charitable giving. Today, we manage more than 350 charitable funds started by individuals, families, businesses and nonprofit organizations. Together, these funds represent ordinary people who have made extraordinary commitments to our community.

To establish a Charitable Lead Trust contact:

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Donor Services
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-Karen Simmons
President & CEO
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